

Message Text

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42

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AGR-05 INT-05 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 L-03 H-02 PA-01 PRS-01 /095 W

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R 231050Z APR 76

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 4867

INFO AMEMBASSY NEW DELHI

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E.O. 11652: N/A

TAGS: ETRD, PFOR, NP

SUBJECT: INDO-NEPALESE TRADE: CANALIZATION

REF: KATHMANDU A-18, DATED APRIL 16, 1976

1. LOCAL NEWSPAPER RISING NEPAL APRIL 22 REPORTED THAT INDIA HAS INFORMED NEPAL THAT SHE "CAN NOW EXPORT RICE TO ANY PART OF INDIA WITHOUT RESTRICTIONS." THIS ANNOUNCEMENT ON THE SURFACE SEEMS TO IMPLY THAT GOI HAS DROPPED ITS DEMAND FOR CANALIZATION OF RICE TRADE BETWEEN THE TWO COUNTRIES. HOWEVER, ACCORDING TO GON COMMERCE SECRETARY D. 4. UPADHYAYA, THE ACTION HAS LITTLE SIGNIFICANCE. IN CONVERSATION WITH EMBOFF HE SAID THAT IT REFERS TO THE ABOLITION OF THE PREVIOUS REQUIREMENT FOR SPECIAL PERMITS TO SHIP RICE ACROSS STATE BORDERS IN INDIA, BUT IS ONLY RELEVANT UNTIL THE MECHANISM FOR CANALIZED TRADE IS ESTABLISHED. FAR FROM BACKING AWAY FROM CANALIZATION, UPADHYAYA OBSERVED THAT INDIA'S ULTIMATE GOAL IS CANALIZATION OF ALL MAJOR TRADE WITH NEPAL, AND THAT IRON AND STEEL PRODUCTS WOULD PROBABLY BE NEXT ON

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THE LIST.

2. THE INDIAN EMBASSY WENT EVEN FURTHER, DENYING KNOWLEDGE EVEN OF A RESCISSION OF THE REQUIREMENT FOR PERMITS FOR INTER-STATE SHIPMENTS. AN INDIAN EMBASSY OFFICER INSISTED THAT THERE HAS BEEN NO CHANGE IN THE EXISTING SYSTEM AND EXPRESSED COMPLETE PUZZLEMENT AS TO THE ORIGIN OF THE STORY.

3. COMMENT: IT IS POSSIBLE THAT OFFICIAL WORD OF THE CHANGE SIMPLY HAS NOT CAUGHT UP WITH THE INDIAN EMBASSY YET. UPADHYAYA'S UNENTHUSIASTIC REACTION NOTWITHSTANDING, THE POSITIVE TONE OF THE FRONT PAGE NEWS STORY AND THE LAUDATORY EDITORIAL ON THE REPORTED CHANGE IN THE FOLLOWING DAY'S RISING NEPAL IS PROBABLY ANOTHER EXAMPLE OF THE CURRENT GON CAMPAIGN TO IMPROVE THE TONE OF INDIA - NEPAL RELATIONS.

4. WOULD APPRECIATE ANY LIGHT EMBASSY NEW DELHI CAN SHED ON THIS MATTER.
EAVES

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Message Attributes

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